

**Okmulgee County Rural Water District No. 1
Schulter, Oklahoma**

**Financial Statements
and Reports of Independent Auditor**

December 31, 2022

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

Broken Arrow, OK

Okmulgee County Rural Water District No. 1
Schulter, Oklahoma
Board of Directors
December 31, 2022

BOARD OF DIRECTORS

Chairman

Aaron Graffman

Vice-Chairman

Tim Henderson

Secretary/Treasurer

Harold Carter

Members

Howard Arnold

MANAGER

Chris Guynes

BOOKKEEPER

Chastity Woodall

Okmulgee County Rural Water District No. 1
Schulter, Oklahoma
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Okmulgee County Rural Water District No. 1
Schulter, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Okmulgee County Rural Water District No. 1, Schulter, Oklahoma (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022, and the respective changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The prior year “memorandum only” comparative information and the supplementary information on page 23 are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 27, 2023

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2022

Our discussion and analysis of the Rural Water District No. 1, Okmulgee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's financial statements that begin on page 14.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$133,445. Overall, the District's cash and cash equivalents increased by \$18,065 in 2022.
- The District membership stayed consistent in 2022 at around 750.
- The District's interest earnings were \$2,131 in 2022.
- The District paid off their existing debt with the Oklahoma Water Resources Board.

Using This Report

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

Basis of Accounting

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

The Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question. These three statements report the District's net position and the changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however,

such as changes in water rates paid or charged and the condition of the District's water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

Net Position, and Changes in Net Position

The District's Net Position was higher in 2022, increasing from \$1,828,370 to \$1,922,749. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's business-type activities.

Table 1 – Net Position:

	<u>2022</u>	<u>2021</u>	<u>Variances</u>
Current and other assets	\$ 716,248	685,826	30,422
Capital assets, net	<u>1,229,301</u>	<u>1,249,680</u>	<u>(20,379)</u>
Total Assets	<u>\$ 1,945,549</u>	<u>1,935,506</u>	<u>10,043</u>
Current liabilities	\$ 18,795	82,485	63,690
Long-term liabilities	<u>4,005</u>	<u>24,351</u>	<u>20,346</u>
Total Liabilities	<u>\$ 22,800</u>	<u>106,836</u>	<u>84,036</u>
Invest. In capital assets, net of related debt	\$ 1,225,296	1,160,329	64,967
Restricted	0	96,065	(96,065)
Unrestricted	<u>697,453</u>	<u>572,276</u>	<u>125,177</u>
Total Net Position	<u>\$ 1,922,749</u>	<u>1,828,670</u>	<u>94,079</u>

Net Position of the District increased by 5.1 percent (\$1,922,749 compared to \$1,828,670). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$572,276 to \$697,453.

Table 2 – Changes in Net Position:

	<u>2022</u>	<u>2021</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 651,373	585,668	65,705
Memberships	18,000	25,500	(7,500)
Interest	<u>2,131</u>	<u>1,671</u>	<u>460</u>
Total Revenues	<u>\$ 671,504</u>	<u>612,839</u>	<u>58,665</u>
Expenses:			
Salaries, taxes and benefits	\$ 188,339	136,840	(51,499)
Water purchases	173,707	172,771	(936)
Maint., repairs and testing	5,375	6,042	667
Other expenses	137,257	125,308	(11,949)
Depreciation/Amortization	68,250	76,789	8,539
Interest on debt	<u>4,497</u>	<u>7,668</u>	<u>3,171</u>
Total Expenses	<u>\$ 577,425</u>	<u>525,418</u>	<u>(52,007)</u>
Changes in Net Position	94,079	87,421	6,658
Net Position, Beginning	<u>1,828,670</u>	<u>1,741,249</u>	<u>87,421</u>
Net Position, Ending	<u>\$ 1,922,749</u>	<u>1,828,670</u>	<u>94,079</u>

The District's total revenues increased by 9.6 percent (\$58,665). The total cost of all services increased by 9.9 percent (\$52,007).

Capital Assets

At December 31, 2022, the District had \$1,229,301 invested in capital assets, net of depreciation, including land, the water system, vehicles and equipment.

Long-Term Debt

A loan in the amount of \$685,000 was obtained from the OWRB to help pay off the Rural Development note. This loan was paid off in 2022.

Economic Factors and Next Year's Budget and Rates

The District has absorbed many of the City of Okmulgee's rate increases but may be forced to increase customer rates further if additional increases are made by the City.

The District's budget for fiscal year 2023 will remain much like previous years budgets. The Board of Directors does anticipate small budget changes made primarily to better allow for office and field personnel operations, without the necessity of hiring additional part-time or permanent employees.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have questions about this report or need additional financial information contact the District Office at P.O. Box 205, Schuler, OK 74460 or call (918) 652-9546.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Okmulgee County Rural Water District No. 1
Schulter, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Okmulgee County Rural Water District No. 1, Schulter, Oklahoma (the District), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 27, 2023

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Disposition of Prior Year's Significant Deficiencies
December 31, 2022

There were no prior year significant deficiencies or material instances of non-compliance.

OKMULGEE COUNTY RURAL DISTRICT NO. 1
Schedule of Audit Results, Findings and Questioned Costs
December 31, 2022

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion was issued on the financial statements.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma
Statement of Net Position
December 31, 2022

	2022	-Memorandum- -Only- 2021
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 95,332	38,594
Investments	562,559	505,166
Accounts receivable	58,357	46,001
Total current assets	<u>716,248</u>	<u>589,761</u>
Restricted Assets:		
Reserve account	0	71,232
Debt service account	0	24,833
Total restricted assets	<u>0</u>	<u>96,065</u>
Capital Assets:		
Land	7,300	7,300
Building, plant and water systems	2,665,953	2,665,953
Other capital assets	391,141	343,270
Total capital assets	<u>3,064,394</u>	<u>3,016,523</u>
Less: accumulated depreciation	<u>(1,835,093)</u>	<u>(1,766,843)</u>
Total capital assets (net)	<u>1,229,301</u>	<u>1,249,680</u>
TOTAL ASSETS	<u>\$ 1,945,549</u>	<u>1,935,506</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 18,795	16,461
Accrued interest on debt	0	1,024
Current portion long-term debt	0	65,000
Total current liabilities	<u>18,795</u>	<u>82,485</u>
Long-term Debt:		
OWRB Note, plus premium on bonds sold	<u>4,005</u>	<u>24,351</u>
Total Liabilities	<u>22,800</u>	<u>106,836</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,225,296	1,160,329
Restricted for debt service	0	96,065
Unrestricted assets	<u>697,453</u>	<u>572,276</u>
Total Net Position	<u>1,922,749</u>	<u>1,828,670</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,945,549</u>	<u>1,935,506</u>

The accompanying notes to the financial statements are an integral part of this statement

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Shulter, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended December 31, 2022

	2022	-Memorandum- -Only- 2021
Operating Revenues:		
Water sales	\$ 612,166	553,163
Fees and fines	31,160	24,365
Miscellaneous	8,047	8,140
Total revenue from operations	<u>651,373</u>	<u>585,668</u>
Operating Expenses:		
Water purchases	173,707	172,771
Salaries	174,853	136,840
Payroll taxes	13,486	18,302
Materials and supplies	20,088	25,719
Repairs and maintenance	0	1,496
Insurance	21,957	19,279
Professional fees	4,200	4,000
Contract services	704	5,486
Office expense and postage	10,528	17,314
Telephone and communication	2,245	2,854
Dues and fees	887	2,122
Vehicles expense	1,585	10,250
Water testing	5,375	4,546
Utilities	19,698	10,080
Depreciation	68,250	76,362
Amortization	0	427
Miscellaneous	365	9,902
Total expenses from operations	<u>517,928</u>	<u>517,750</u>
Operating Income (Loss)	133,445	67,918
Non-Operating Revenues (Expenses):		
Interest income	2,131	1,671
Interest paid on long-term debt	(4,497)	(7,668)
Accumulated payment on long-term debt	(55,000)	0
Memberships	18,000	25,500
Total non-operating revenues (expenses)	<u>(39,366)</u>	<u>19,503</u>
Change in Net Position	94,079	87,421
Total Net Position, beginning of period	<u>1,828,670</u>	<u>1,741,249</u>
Total Net Position, end of period	<u><u>\$ 1,922,749</u></u>	<u><u>1,828,670</u></u>

The accompanying notes to the financial statements are an integral part of this statement

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Schulter, Oklahoma
Statement of Cash Flows
For The Year Ended December 31, 2022

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 651,373	585,669
Payments to employees	(174,853)	(136,840)
Payments to vendors	<u>(286,219)</u>	<u>(308,367)</u>
Net Cash Provided by Operating Activities	<u>190,301</u>	<u>140,462</u>
Cash Flows from Investing Activities:		
Interest revenue	<u>2,131</u>	<u>1,671</u>
Cash Flows from Capital and Related Financing Activities:		
Memberships	18,000	25,500
Sale (purchase) of capital assets	(47,870)	(148,025)
Interest expense on debt	(4,497)	(6,970)
Principal payments on debt	<u>(140,000)</u>	<u>(65,000)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(174,367)</u>	<u>(194,495)</u>
Net Increase (Decrease) in Cash	18,065	(52,362)
Cash and cash equivalents, beginning of period	<u>639,826</u>	<u>692,188</u>
Cash and cash equivalents, end of period	<u>\$ 657,891</u>	<u>639,826</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income	\$ 133,445	67,918
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	68,250	76,013
Amortization Expense	0	427
(Increase) decrease in accounts receivable	(11,204)	(4,324)
Increase (decrease) in accounts payable	834	1,090
Increase (decrease) in accrued liabilities	<u>(1,024)</u>	<u>(662)</u>
Net cash provided by operating activities	<u>\$ 190,301</u>	<u>140,462</u>

The accompanying notes to the financial statements are an integral part of this statement

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2022

Note A – Significant Accounting Policies

Business Activity

Okmulgee County Rural Water District No. 1 (the District) was formed under the provisions of Title 82, O.S. 1981, Sections 1324.1-1324.26 inclusive. The District operates as a nontaxable government agency to service residents of the Okmulgee County Rural Water District No. 1. The District's primary income is from the sale of water to its members in an area around Schulter, Oklahoma. The District purchases water from the City of Okmulgee.

Basis of Accounting

The financial statements are prepared on an accrual basis of accounting, which is in compliance with accounting principles generally accepted in the United States of America (GAAP), and which recognizes revenues when earned and expenses as incurred. Interest earnings on certificates of deposit are recorded when such interest is actually received by the District. Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

Cash

The District's cash accounts at December 31, 2022 are detailed as follows:

	December 31,	
	2022	2021
Cash on hand	\$ 600	600
Mabrey Bank, Okmulgee, OK- Operation & maint. account	94,728	37,961
Add: Deposits in transit	516	528
Less: Outstanding checks	(512)	(494)
Total	<u>\$ 95,332</u>	<u>38,595</u>

The District's cash deposits at December 31, 2022 were covered by the \$250,000 FDIC coverage and other collateral pledged.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2022

Note A – Significant Accounting Policies – cont'd

Investments

The District had the following investments at December 31, 2022:

	<u>2022</u>	<u>2021</u>
First Family FCU:		
Depreciation account	\$ 225,949	200,904
Long Range Planning account	163,953	132,655
Cert. of deposit dated 7/27/22 matures 7/27/23 at 1.005%	101,596	100,794
American Exchange Bank:		
Cert. of deposit dated 12/14/22, matures 12/14/23 at .35%	<u>71,061</u>	<u>70,813</u>
Totals	<u>\$ 562,559</u>	<u>505,166</u>

Restricted Cash

Due to the District paying off the ORWB note during the year, the balance of restricted cash at December 31, 2022 was \$0.

Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2022

Note A – Significant Accounting Policies – cont'd

Custodial Credit Risk - At December 31, 2022, the District held deposits of approximately \$657,287 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The District has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Fair Value of Financial Instruments – The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2022

Note A – Significant Accounting Policies – cont'd

Accounts Receivable

Billings for accounts receivable at December 31, 2022, were \$58,357. An allowance for doubtful accounts amount was estimated at \$2,000 for the fiscal year.

Capital Assets

It is the District's policy to capitalize assets purchased for \$1,000 or more, and with a useful life over two years. Capital (fixed) assets are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	10-15 years
Transportation equipment	5 years
Water & sewer system	40 years
Buildings	20 years
Computer equipment	5-7 years

The capital asset information for the District is shown below:

	12/31/2021 Amount	Additions	Deletions	12/31/2022 Amount
Land	\$ 7,300	0	0	7,300
Building, plant and water systems	2,640,558	0	0	2,640,558
Other capital assets	368,665	47,870	0	416,535
Total Capital Assets	3,016,523	47,870	0	3,064,393
Less: Accumulated Depreciation	(1,766,843)	(68,250)	0	(1,835,093)
Total	<u>\$ 1,249,680</u>	<u>(20,380)</u>	<u>0</u>	<u>1,229,300</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2022

Note A – Significant Accounting Policies – cont'd

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2022, no determination of the aggregate dollar value of vacation or sick pay had been made.

Memorandum Totals

The “Memorandum Only” captions above the total columns mean that amounts are presented overview information purposes only.

Note B – Insurance

It appears the District had current insurance coverage for all major perils.

Note C – Notes Payable

Notes payable consist of a note to the Oklahoma Water Resources Board (OWRB).

The notes payable at December 31st, 2022 are detailed as follows:

	<u>2022</u>	<u>2021</u>
Note No. FAP-13-0001-L, OWRB, issued for \$685,000, variable interest of .65% to 3.65%, matures 8/15/23	\$ 85,000	150,000
Less: Current maturities of long-term debt	<u>(85,000)</u>	<u>(65,000)</u>
Total Long-Term Debt	<u>\$ 0</u>	<u>85,000</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2022

Note D – Contributed Capital

Contributed capital was provided by various grants of from the Office of Rural Economic and Community Development and other federal, state and local offices to assist in building and improving the water system.

Note E – Subsequent Events

Management has evaluated subsequent events through February 27, 2023, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

OKMULGEE COUNTY RURAL DISTRICT NO. 1
Schedule of Water Rates and Customers
-Unaudited Information-
December 31, 2022

Water Rates

0 gallons	=	\$40.00 minimum bill
0 to 5,000	=	\$8.50 per 1,000 gallons
5,001 to 10,000	=	\$11.00 per 1,000 gallons
10,001 to 15,000	=	\$13.50 per 1,000 gallons
15,001 and over	=	\$15.00 per 1,000 gallons

Water Loss

	<u>2022</u>	<u>2021</u>
Total gallons purchased (a)	43,849,300	42,841,400
Total gallons sold to District customers (b)	<u>(52,669,354)</u>	<u>(51,161,244)</u>
Total water loss	<u>8,820,054</u>	<u>8,319,844</u>
Percentage of water loss	<u>20.1%</u>	<u>19.4%</u>

Sources: (a) – Water bills from City of Okmulgee
(b) – Billing registers

Customers

The District had 746 active customers at the close of the fiscal year.

Current District membership fee is \$1,500.